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FM AMEMBASSY SANTIAGO
TO RUEHC/SECSTATE WASHDC PRIORITY 8113
INFO RUEHBR/AMEMBASSY BRASILIA PRIORITY 2997
RUEHBU/AMEMBASSY BUENOS AIRES PRIORITY 2815
RUEHCV/AMEMBASSY CARACAS PRIORITY 0834
RUEHPE/AMEMBASSY LIMA PRIORITY 4381
RUEAIIA/CIA WASHDC PRIORITY
RHMCSUU/DEPT OF ENERGY WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY
RHMFISS/HQ USSOUTHCOM MIAMI FL PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY

C O N F I D E N T I A L SANTIAGO 002558

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E.O. 12958: DECL: 12/06/2015

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SUBJECT: CHILE TEMPORARILY TO INCREASE OIL IMPORTS FROM
VENEZUELA

Classified By: Deputy Chief of Mission Emi L. Yamauchi. Reasons: 1.4 (b and d).

1. (C) Deputy Foreign Minister Cristian Barros told the Ambassador on December 21 that Chile would temporarily increase its oil imports from Venezuela until other options became available. Barros explained that Chile's state-owned oil production and refinery company (ENAP) would extract the oil, partially refine it in Venezuela, and then transport it to Chile for further refinement. Barros claimed the decision, which has not yet been made public, was driven by Argentina's decision to restrict its oil exports to Chile and the lack of other viable alternatives. He said Chile was between a rock and a hard place. The only other real supplier of oil in the short term, Angola, was not cost-effective, he said.

2. (C) Barros said the GOC wanted the U.S. to know about the decision before it became public. He said that Chile imported a small percentage of its oil from Venezuela, emphasized the move was "purely commercial," and added it would not increase Chile's dependence on Venezuela.

3. (C) Post note: Chile is heavily dependent on foreign sources of oil, importing roughly 90 percent of its total petroleum and petroleum-related products. In the region, Chile's primary oil suppliers during 2004-2005 were Argentina, Brazil, Ecuador, Peru and Venezuela. During the January-October 2005 period, Chile did not import oil from Venezuela, according to Chile's Central Bank. Outside of Latin America, Chile's primary suppliers during the 2004-2005 period were Nigeria, South Africa and Gabon.
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